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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL
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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 07/01/08 AND ENDING 06/30/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Liberty Investment Counsel, Ltd.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

700 Pilgrim Parkway, Suite 300

(No. and Street)

Elm Grove

WI

53122

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard C. Peterson

(262) 785-1377

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Walkowicz, Boczkiewicz & Co., S.C.

(Name - if individual, state last, first, middle name)

1800 E. Main Street, Suite 100

Waukesha

WI

53186

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

SEC
Mail Processing
Section

AUG 26 2009

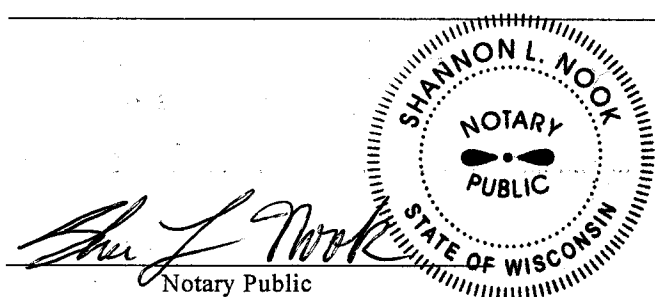
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Washington, DC
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Richard C. Peterson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Liberty Investment Counsel, Ltd., as of June 30, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Richard C. Peterson
Signature
President
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Liberty Investment Counsel, Ltd.

Annual Report

June 30, 2009

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**WALKOWICZ,
BOCHKIEWICZ & CO., S.C.**

CERTIFIED PUBLIC ACCOUNTANTS

**1800 East Main Street, Suite 100
Waukesha, Wisconsin 53186-3902**

**EDWARD J WALKOWICZ, CPA
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DAVID J. URBANEK, CPA**

Independent Auditor's Report

Board of Directors
Liberty Investment Counsel, Ltd.
700 Pilgrim Parkway, Suite 300
Elm Grove, Wisconsin 53122

Board of Directors:

We have audited the accompanying balance sheets of Liberty Investment Counsel, Ltd. as of June 30, 2009, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Liberty Investment Counsel, Ltd. as of June 30, 2008 were audited by other auditors whose report dated August 27, 2008 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liberty Investment Counsel, Ltd. as of June 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying computation of net capital and aggregate indebtedness schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Walkowicz, Boczkiwicz & Co., S.C.
Waukesha, Wisconsin
August 7, 2009

Liberty Investment Counsel, Ltd.

Balance Sheets

June 30, 2009 and 2008

Assets			
	2009	2008	
Current Assets:			
Cash	\$ 8,977	\$ 9,546	
Commissions receivable	2,767	5,849	
Prepaid expenses	660	831	
Total Current Assets	12,404	16,226	
Other Assets:			
Deferred tax asset	1,324	1,089	
Total Assets	<u>\$ 13,728</u>	<u>\$ 17,315</u>	

Liabilities and Stockholder's Equity

	2009	2008
Current Liabilities:		
Commissions payable	\$ 2,490	\$ 5,264
Total Current Liabilities	2,490	5,264
Stockholder's Equity:		
Common stock	12,000	12,000
Less: Treasury stock	(6,000)	(6,000)
Retained earnings	5,238	6,051
Total Stockholder's Equity	11,238	12,051
Total Liabilities and Stockholder's Equity	<u>\$ 13,728</u>	<u>\$ 17,315</u>

See notes to financial statements.

Liberty Investment Counsel, Ltd.
Statements of Operations
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue:		
Commissions	\$ 72,292	\$ 138,181
Expenses:		
Accounting	4,000	4,375
Commissions to brokers	64,355	129,574
Office expense	-	219
Professional fees	100	325
Personal property tax	-	10
Registration and license fees	2,000	1,278
Rent	2,400	2,400
Workers' compensation and bond insurance	485	366
Total Expenses	<u>73,340</u>	<u>138,547</u>
Net Loss From Operations	(1,048)	(366)
Other Income:		
Income Tax Credit	<u>(235)</u>	<u>(80)</u>
Net Loss	<u><u>\$ (813)</u></u>	<u><u>\$ (286)</u></u>

See notes to financial statements.

Liberty Investment Counsel, Ltd.
Statements of Changes in Stockholder's Equity
For the Years Ended June 30, 2009 and 2008

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total Stockholder's Equity</u>
Balance, June 30, 2008	\$ 12,000	\$ -	\$ 6,051	\$ (6,000)	\$ 12,051
Net Loss	-	-	(813)	-	(813)
Balance, June 30, 2009	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 5,238</u>	<u>\$ (6,000)</u>	<u>\$ 11,238</u>

See notes to financial statements.

Liberty Investment Counsel, Ltd.
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Net Loss	\$ (813)	\$ (287)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities:		
Deferred income tax credit	(235)	(80)
(Increase) decrease in assets:		
Commissions receivable	3,082	9,190
Prepaid expenses and fees	171	(305)
Increase (decrease) in liabilities:		
Commissions payable	(2,774)	(8,271)
Corporate taxes payable	<u>-</u>	<u>(742)</u>
Net Cash Used in Operating Activities	(569)	(495)
Net Decrease in Cash	(569)	(495)
Cash - Beginning of year	<u>9,546</u>	<u>10,041</u>
Cash - End of year	<u><u>\$ 8,977</u></u>	<u><u>\$ 9,546</u></u>
 Supplementary Disclosures of Cash Flow Information:		
Cash paid during the period for		
Interest	<u>\$0</u>	<u>\$0</u>
Income taxes	<u>\$0</u>	<u>\$0</u>

See notes to financial statements.

Liberty Investment Counsel, Ltd.
Notes To Financial Statements
June 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company was incorporated in the State of Wisconsin on April 14, 1981. The Company is registered with the Securities and Exchange Commission and it is a member of the Financial Industry Regulatory Authority, or "FINRA" (created in 2007 through the consolidation of the National Association of Securities Dealers, Inc. ("NASD") and the member regulation, enforcement and arbitration operations of the New York Stock Exchange) and (ii) the Securities Investors Protection Corporation ("SIPC"). The Company's principal business activities consist of the sale of stocks, bonds, options, mutual funds, CD's, annuities and private placements.

Cash Equivalents

Cash equivalents are defined as certificates of deposit and U.S. government obligations which mature in less than 90 days, and those securities registered under the Investment Company Act of 1940 which are comprised of cash and other short-term debt instruments and which are commonly referred to as "money market funds."

Income Taxes

The Company has federal and state net operating loss carry forwards as of June 30, 2009 that will expire over the following years:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2028	\$ 367
2029	<u>1,048</u>
Total	<u>\$ 1,415</u>

The Company has a deferred tax asset of approximately \$1,324 due to these net operating loss carry forwards.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Liberty Investment Counsel, Ltd.
Notes To Financial Statements
June 30, 2009 and 2008

Note 2 - Net Capital Requirements

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Uniform Net Capital Rule, which required the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2009, the Company's net capital and required net capital were \$6,487 and \$5,000, respectively. The ratio of aggregate indebtedness to net capital was 38%.

Note 3 - Common Stock

As of June 30, 2009, common stock consisted of 3,000 authorized, 3,000 issued and outstanding no par value shares.

Note 4 - Filing Requirements

There were no liabilities subordinated to claims of creditors during the year ended June 30, 2009. Accordingly, a statement of changes in liabilities subordinated to claims of creditors is not included in the financial statements as required by rule 17a-5 of the Securities and Exchange Commission.

Note 5 - Treasury Stock

On February 28, 1982, the Company acquired 1,500 of the 3,000 issued and outstanding shares of common stock at a cost of \$6,000.

Liberty Investment Counsel, Ltd.
Computation of Net Capital and Aggregate Indebtedness
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Net Capital Computation		
Stockholder's equity at year end	\$ 11,238	\$ 12,051
Deductions:		
Nonallowable assets:		
Commissions receivable	(2,767)	(585)
Other assets	(1,324)	(1,089)
Prepaid expense	(660)	(831)
Net Capital	<u>\$ 6,487</u>	<u>\$ 9,546</u>
Computation of Basic Net Capital Requirement		
Minimum net capital required (6 2/3% of aggregate indebtedness)	<u>\$ 166</u>	<u>\$ 351</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Computation of Aggregate Indebtedness		
Total liabilities	<u>\$ 2,490</u>	<u>\$ 5,264</u>
Aggregate Indebtedness	<u>\$ 2,490</u>	<u>\$ 5,264</u>
Percentage of Aggregate Indebtedness to Net Capital	<u>38.38%</u>	<u>55.14%</u>

Liberty Investment Counsel, Ltd.
Computation of Net Capital and Aggregate Indebtedness
For the Year Ended June 30, 2009

	<u>2009</u>
Reconciliation with Company's Computation (included in Part IIA of Form X-17A-5 as of June 30):	
Net capital, as reported in Company's Part IIA (unaudited) FOCUS report	\$ 9,277
Net changes per audit:	
12b(1) fees in accounts recievable/other	<u>(2,790)</u>
Net Capital Per Above	<u>\$ 6,487</u>



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BOCHKIEWICZ & CO., S.C.**

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DAVID J. URBANEK, CPA**

Independent Auditor's Report on Internal Control

To the Board of Directors,
Liberty Investment Counsel, Ltd.

In planning and performing our audit of the financial statements of Liberty Investment Counsel, Ltd. for the year ended June 30, 2009, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Charter Capital Management, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g)(1), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(11). We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Sec. 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, our study and evaluation disclosed that a lack of segregation of functions exists. Although this condition may be considered to be a material weakness in internal control, it is a common condition in entities of this size. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Liberty Investment Counsel, Ltd. for the year ended June 30, 2009, and this report does not affect our report thereon dated August 7, 2009. In addition, no facts came to our attention which would indicate the Company was not in compliance with its type k(2)(i) exemption from the requirements of SEC Rule 15c3-3. However, it should be noted that our examination was not directed primarily toward obtaining knowledge of such noncompliance.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2009, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purposes.

Wolkowicz, Bogdan ¹/₅ COSC.
Waukesha, Wisconsin
August 7, 2009

LIBERTY INVESTMENT COUNSEL, LTD.

ANNUAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2009**